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17 JUN 1971

MEMORANDUM FOR: Deputy Director for Support

SUBJECT : Payment of Salaries of Contract Employees in the Field

25X1A 1. During the visit of the Inspectors to the [] Station in connection with the current inspection of the Far East Division, a number of complaints were heard from contract wives there about the manner in which their salary payments were being handled. Some complained about the length of time that elapsed from the time they entered on duty to the time they received their first payment, while others spoke of the delay and irregularity involved for those who have their salary checks mailed to []. One employee, the wife of an Agency officer stationed in Vietnam, reported that she started to work in June 1970 and received notice of the deposit of her first salary payment on 22 December 1970. This notification indicated her date of entry on duty as 15 November 1970, which subsequently prevented her from getting an in-grade increase at the time she was eligible. Also, it affected her leave accumulation, which forced her to take leave without pay when her husband visited []. Another wife reported she had entered on duty in May 1970 and received her first payment only in September. Other wives encountered similar delays.

25X1A 2. The Inspectors discussed this problem with the Chief of Station, who indicated that delays of the kind described by the wives had been common after the responsibility for payment of locally hired employees was transferred to Headquarters at Headquarters' request. He said the Station had written dispatches to Headquarters on individual cases but had had difficulty getting replies. He said the Station would not find it burdensome to pay these employees in the field and would be happy to resume this function.

25X1A 3. We have inquired into this problem at Headquarters. It appears that the decision was taken in mid-1969 to transfer responsibility for pay-rolling all field contract employees from field stations to Headquarters as a consequence of the [] overseas strength reductions. It was evidently assumed that little delay in making the payments would be occasioned by this change; in fact, the Chief of the Compensation & Tax Division, Office of Finance, advised the Inspectors that initial payments are made within a matter of days after he receives the contracts and regularly after that upon receipt of the Duty Status Reports. He

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conceded that delays of the kind we heard about in [] do occur, but said these delays were caused by the processing that contracts get in Headquarters before they reach his office. Evidently these contracts are routed through a number of offices in the parent division, the CS staffs, and the Office of Personnel, before they are forwarded to the Office of Finance. This would appear to be unnecessary since [] authorizes Chiefs of Field Stations to approve such contracts, subject to post-audit at Headquarters. In any case, it is probably an inevitable consequence of moving a relatively simple and minor activity from the field stations to the more complex administrative machinery at Headquarters. The apparent willingness of the [] Station to reassume responsibility for paying its own [] contract wives raises the question how many other stations may also have the capability and the desire to handle this chore locally. It seems to me the matter is certainly worth exploring, now that we have shaken down from the [] reductions and the administrative workload of stations has been relatively stabilized.

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4. If there are reasons other than saving manpower at field stations for continuing to pay these field contract employees from Headquarters, I would think that something should be done to cut down on the delays of the kind reported in []

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Gordon M. Stewart
Inspector General

cc: Chief, FE Division

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